



Division of Real Estate

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Director

Colorado Board of Real Estate Appraisers

Re: Real Property Appraisers and Property Inspections

Issue date: November 29, 2012

The Colorado Board of Real Estate Appraisers (the “Board”) has recently become aware of some circumstances in which real property appraisers (“appraisers”) have been requested to follow-up on issues identified by engineers, home or building inspectors during the course of an inspection. In many instances, the appraiser was asked or required to ascertain the efficacy of repairs made to a property that is the subject of a purchase transaction. Additionally, the Board is aware that appraisers have been asked to inspect subject properties to determine whether carbon monoxide alarms have been installed on the property, and if the installation complies with §§38-45-102, 103 or 104, C.R.S.

Colorado law, specifically §12-61-702(5)(a), C.R.S., defines a “real estate appraiser” or “appraiser” as any person who, for a fee or a salary, provides an estimate of the nature, quality, value, or utility of an interest in, or aspect of, identified real estate and includes one who estimates value and who possesses the necessary qualifications, ability, experience to execute and direct the appraisal of real property. Additionally, the Competency Rule of the Uniform Standards of Professional Appraisal Practice (“USPAP”) requires that an appraiser determine, prior to accepting an assignment, whether he or she can perform the assignment competently. An appraiser must evaluate whether he or she can properly identify the problem to be addressed; whether he or she has the knowledge and experience necessary to complete the assignment competently; and recognize and comply with all applicable laws and regulations.

Unless an appraiser has the experience and knowledge necessary to assess the condition of a property, ascertain compliance with building codes, and/or evaluate the quality of the workmanship, it is not within the normal scope of work of an appraiser to perform an inspection of tangible property and tangible property components in the manner comparable to an engineer, home or building inspector. Engineers, home or building inspectors generally seek to identify defects during the course of their inspections. Appraisers complete an inspection of a property to gather information about the property's characteristics in relation to value. The degree of inspection is typically limited to those characteristics obvious to the plain eye, and not requiring special equipment or testing.

Appraisers are not required to complete an inspection of the subject property to comply with USPAP or Colorado law. The appraiser will determine the degree or extent of inspection necessary based on the assignment and client requirements. Additionally, an

appraiser must ensure that the level of inspection performed is adequate to complete a credible appraisal. The extent of the appraiser's inspection may be limited to an exterior-only inspection, or a review of building plans, sketches, photographs, etc. A physical inspection of the subject property may not be possible because the appraiser may have been asked to render an opinion of value that is subject to the completion of construction plans, repairs or alterations.

If an engineer, property or building inspector has identified defects with the property or any of its specific components, then an experienced inspection professional or contractor should be consulted regarding the defects, including verification of the completion or quality of any resulting repairs.